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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR X0XX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Major media quoted President Obama as saying yesterday at a town hall meeting in Tampa, FL, "I think Prime Minister Netanyahu is actually making some effort to try to move a little bit further than his coalition wants him to go."; the President also acknowledged that PA President Mahmoud Abbas finds it hard to advance on the

track because of his problems with Hamas.

Leading media reported that today Israel will convey to U.N. Secretary-General Ban Ki-moon its response to the Goldstone Report. The Jerusalem Post reported that the IDF rebuttal to the report, which will be published later, will spell out to Ban how the IDF investigated allegations of misconduct during Operation Cast Lead and will point out that Israel's system of military justice compares with that in other democratic countries, that it is independent, and that the IDF's investigations are serious. Israel Hayom reported that the Israeli report denies the existence of the 36 events mentioned in the Goldstone Report as illegal actions by IDF soldiers. Yediot reported that, following a demand by the U.N., PM Netanyahu has decided (against the views of DM Ehud Barak and IDF Chief of Staff Lt. Gen. Gabi Ashkenazi) to set up a commission of inquiry into the Goldstone Report that would interrogate IDF officers -- but not senior ones. Outgoing Attorney-General Menachem Mazuz was quoted as saying in an interview with HaQaretz that it would be a serious mistake not to set up such a commission of inquiry, as the Goldstone Report is a serious threat to Israel that will continue to haunt us and take away our legitimacy.

Fahmi Shabaneh, who was appointed by President Abbas four years ago to root out corruption in the PA, was quoted as saying yesterday in an interview with The Jerusalem Post that Abbas has surrounded himself with many of the corrupt officials who used to work for his predecessor, Yasser Arafat, and that is why Hamas will one day take control of the West Bank.

Israel Radio and other media reported that Hamas accuses Israel of assassinating its senior activist Mahmoud al-Mabhouh during his stay in Dubai on January 20. The media noted that Mabhouh was behind the abduction and murder of soldiers Avi Sasportas and Ilan Sa'adon in the first Intifada.

HaQaretz reported that PM Netanyahu agrees to the release of hundreds of Fatah prisoners as part of efforts backed by the U.S. and Europe to jump-start the Israeli-Palestinian peace talks.

Leading media reported that the German mediator in the Gilad Shalit affair will resign because of Israel's position. Yediot cited the Egyptian newspaper Al-Masriyun as saying that the negotiations over the issue will resume next week with French mediation.

Israel Radio quoted Palestinian negotiator Saeb Erekat as saying that Ariel, MaQaleh Adumim, and the East Jerusalem neighborhood of Har Homa will not remain in Israeli hands. Makor Rishon-Hatzofe quoted Erekat as saying that the PA intends to ask the U.N. Security Council soon to recognize the borders of the future Palestinians along the June 4, 1967 lines. Leading media quoted President Abbas as saying in Moscow yesterday that the Palestinians will not accept Abu Dis, a town between Jerusalem and MaQaleh Adumim administered by the PA, as the capital of their future state, and will insist on receiving control over East Jerusalem.

HaQaretz reported that Jordan's King Abdullah II and President Shimon Peres met in Davos yesterday to discuss the stalled Middle East negotiations. Jordanian PM Samir al-Rifai was quoted as saying in an interview with Maariv that peace with Israel is getting colder. Jaafar Hassan, Jordan's Minister of Planning and International Cooperation, told Israel Radio in Davos that cooperation projects with Israel have been halted following the standstill in the peace process. However, the involvement of Israel, the PA, and Jordan in the Dead Sea-Red Sea canal continues.

Makor Rishon-Hatzofe quoted U.S. Ambassador to Lebanon Michele Sison as saying that the U.S. has suspended its cooperation with Lebanon because of Hizbullah's involvement in the Lebanese Government.

Leading media reported that yesterday State Prosecutor Moshe Lador instructed Jerusalem Mayor Nir Barkat to shut down QBeit Yonatan, a controversial East Jerusalem building occupied by Jews. The Jerusalem Post reported that, during a meeting last month at the Butner Federal Correction Complex in North Carolina, convicted spy Jonathan Pollard asked Rabbi YaQcov Shapiro, head of the Merkaz Harav Yeshiva, to do everything in his power to strengthen the Jewish hold on the building (which is named after Pollard). In

another development, Makor Rishon-Hatzofe reported that a cornerstone laying ceremony will take place on Sunday for a new neighborhood in the settlement of Beit Hagai in the Hebron hills area. Among those invited is one of the members of the security cabinet who voted in favor of the settlement construction moratorium, Q Minister Benny Begin.

Maariv (Ben Caspit) details the ways in which the New Israel Fund (NIF), one of the most prominent foundations in Israel, funds organizations that stand behind the most serious allegations against Israel in the Goldstone Report. The newspaper notes that the Ford Foundation has granted NIF \$20 million over the past five years.

Yediot reported that yesterday the Jerusalem Magistrate's Court ruled that demonstrations held every Friday against the Jewish presence in the East Jerusalem neighborhood of Sheikh Jarrah are legal and do not need a police permit, contrary to the police's belief. The Jerusalem Post reported that rightists will hold a counter-demonstration in the neighborhood today.

The Jerusalem Post reported that Israel will send a new spy satellite into space in the coming months.

Yediot reported that while Italian PM Silvio Berlusconi is expected to receive a warm welcome in Israel on Monday, Italy is the biggest European trader with Iran.

The Jerusalem Post cited a report released by a workers' rights NGO on Wednesday that the GOI has siphoned over a billion shekels (around \$250 million) in money taken from Palestinian laborers for national insurance between 1970-1994.

Mideast:

Blok Quotes:

I. Cold Shoulder

Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz (1/29): "There is one little problem [with the expected resumption of the peace talks]: the world isn't buying Israel's explanations and it isn't prepared to condemn Palestinian obduracy. Obama has split the blame for the stagnation between the two sides and has also taken some of it upon himself (We raised expectations). American envoy George Mitchell's appeal to the members of the Quartet that they urge Abbas to return to talks has gone unanswered. This week he completed another frustrating visit to the region, with zero results. Obama's approach -- to park the diplomatic process for lack of achievements and to concentrate on domestic issues -- has not surprised Netanyahu. Three months ago, a senior Israeli official said the Obama administration would probably put off the Israeli-Palestinian problem to his second term, explaining: 'Now they're weak, they have unemployment and the economic crisis, Afghanistan, Pakistan, and Iraq, and they aren't emerging from that. They don't have the strength to complete an agreement. In the meantime, the maintenance will continue.' U.S. officials are hoping talks will be renewed within six months. The main thing is that there be some negotiations. They have no expectations of more than that."

II. Decoding Netanyahu's (Rough) Parameters

Diplomatic correspondent Herb Keinon wrote in the conservative, independent Jerusalem Post (1/29): "In his 10 months in office, Netanyahu has broken with his past in expressing a desire to see a Palestinian state -- albeit with a number of restrictions -- in Judea and Samaria [i.e. the West Bank], has declared an unprecedented moratorium on housing starts in West Bank settlements, and has stated at nearly every opportunity that he is just dying to start immediate negotiations with the Palestinians to talk about everything, including Jerusalem. But still, when Bibi-skeptic Europeans come to a conversation about the diplomatic process, the first question is inevitably whether Netanyahu is sincere. The question is not whether PA President Mahmoud Abbas, who, by his own admission in a Washington Post interview last year, turned down a generous offer from then Prime Minister Ehud Olmert and who is

adamantly refusing to restart negotiations until Netanyahu refuses to accede to his demand for a total settlement construction halt -- wants peace, but rather whether Netanyahu does. Absent any device that can read Netanyahu's mind, all that we have to go by are his recent words and actions and his recent words and actions indicate a man who seems serious about the diplomatic process. Yet the skepticism born of a deep distrust that many in the world harbor toward [Netanyahu] - distrust left over from his first term - remains.

III. QEgypt, Jordan Hold Firm to Moderate Credentials

Military correspondent Amos Harel and Palestinian affairs correspondent Avi Issacharoff wrote in Ha'aretz (1/29): QWhile Prime Minister Benjamin Netanyahu is giving the international community QweeksQ to halt Iran's nuclear program and the war of words is intensifying on all fronts, Israel's neighbors are asking themselves on which side of the conflict they would like to find themselves and behaving accordingly. All Arab states pay lip service to the hardship of the Palestinians, but while Syria is embracing Iran and Hizbullah is more obedient than ever to instructions emanating from Tehran, Egypt and Jordan are coordinating security matters with Israel in an impressive way and in the case of Cairo they are even adopting harsh measures against the extremists in the Palestinian camp.... Senior sources in the [Israeli] defense establishment say that the Egyptians are even willing to agree, albeit belatedly, with the Israeli-American conclusion that nothing good will result from Cairo's effort to mediate between Hamas and the Palestinian Authority.

IV. QBearing Symbolic Fruit

Columnist and former Meretz Party Chairman Yossi Sarid wrote in Ha'aretz (1/29): QGiven the weight of the issue, even scholars from the Shalem Center, a Jerusalem-based right-wing think tank, were invited to brainstorm at the Prime Minister's Bureau. On the agenda -- a tree. What species will the Prime Minister plant when he treads through the land of the Jewish settlers? Only someone entirely unfamiliar with the culture of government would allow him to lay a hand on just any tree, particularly one which doesn't bear symbolic fruit. After all, the entire world will be watching, trying to figure out what the planter is trying to signal with his planting.... What is the Prime Minister doing planting an olive tree in a place where they are uprooting olive trees, cutting them down, and burning them as a Qprice tag?

IV. QUnited We Stand

Far-left columnist Meron Benvenisti, who was Deputy Mayor of Jerusalem from 1971 to 1978, wrote in Ha'aretz (1/22; English Edition: 1/29): QIt is useful to insert [in this region] the principle of Qparity of esteem,Q which is a core concept in the Northern Ireland peace agreement (the Good Friday Agreement of

1998). It reflects the principle of respect for the identity and the ethos of both communities (Unionists and Republicans in Northern Ireland) and underlies the effort to achieve coexistence in a common physical space, despite the cultural differences.... The coexistence of the two national communities is a destiny that cannot be avoided.

All attempts (theoretical and empirical) to separate them have failed. This coexistence must be based upon communal equality and ethical principles, human dignity, and freedom; otherwise it will not endure and will perpetuate violence. It is clear that without parity of esteem, mutual respect for the identity and equality of the two communities, there will be no reconciliation and neither of the two alternatives -- partition and power sharing -- can be implemented. In any case, productive discussion of this topic will be possible only when the people of this region have taken psychological ownership of the binational condition that has been thrust upon them and have begun to strive together to pave a road to reconciliation.

VI. QA Binational State? Here?

Historian and liberal columnist Alexander Yakobson wrote in Ha'aretz (1/29): QSince the division of the land into two viable states is no longer possible, there is no choice -- for anyone who believes in equality -- but to support a democratic binational state from the

Mediterranean Sea to the Jordan River, claims Meron Benvenisti (HaQaretz, January 22). In my opinion, exactly the opposite is true.... The claim that the settlements have made the occupation irreversible and that there is no escaping a binational state is based entirely on the assumption that a Jewish minority cannot exist in a Palestinian Arab state. After all, the Palestinians have no demographic problem -- they are assured a large Arab majority in their state, even if the settlers, or at least some of them, remain under its sovereignty. Why doesn't Benvenisti suggest such a solution? Apparently he does not have much confidence in the chances of honorable coexistence between an Arab majority and a Jewish minority in one state, although in the name of this ideal he suggests abolishing the State of Israel. And, indeed, there is good reason for skepticism on this issue, in view of the sad regional experience. But if there is any chance for such coexistence, it is conditional on a Jewish state existing alongside the site where this experiment would take place. And this Jewish state must be willing to absorb any Jew whose life on the outside becomes impossible (as happened to Jews all over the Arab world). The solution is therefore a division into two states, based on the principle that a Jewish minority can exist in the Palestinian state -- a principle that will do away with the landmine of the irreversibility of the occupation, which the settlement enterprise wanted to plant before both peoples.

CUNNINGHAM